2Q 2018

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Analyst conference call
August 3, 2018

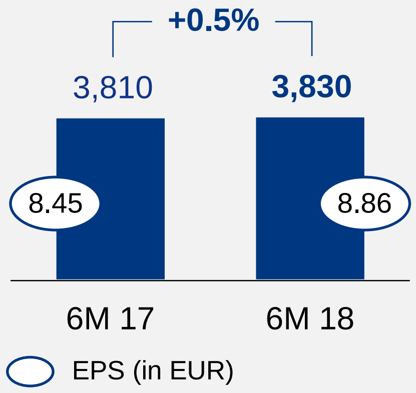
Allianz

CONTENT

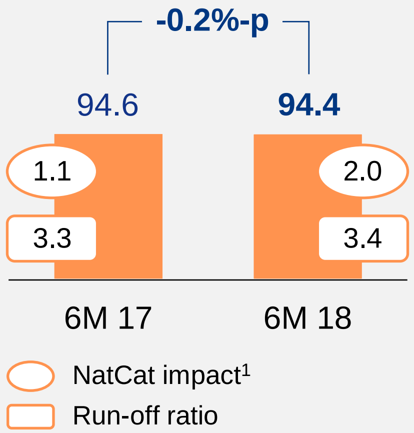
Group: on track to reach targets - 6M EPS up 5 percent

Group	Property-Casualty	Life/Health	Asset Management
Total revenues 6M 18 in EUR bn (internal growth vs. prior year in %)			
67.3 (+5.6%)	**30.0** (+5.9%)	**34.2** (+4.9%)	**3.3** (+10.9%)
Operating profit 6M 18 in EUR mn (vs. prior year in %)			
5,753 (-1.8%)	**2,729** (+0.9%)	**2,144** (-6.0%)	**1,247** (+7.9%)

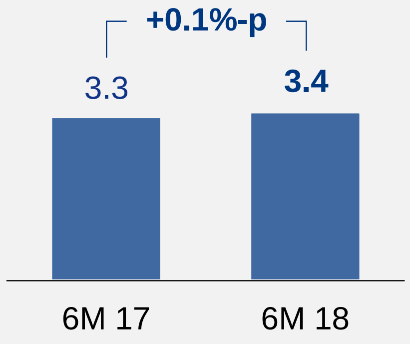
Shareholders' net income
(in EUR mn)



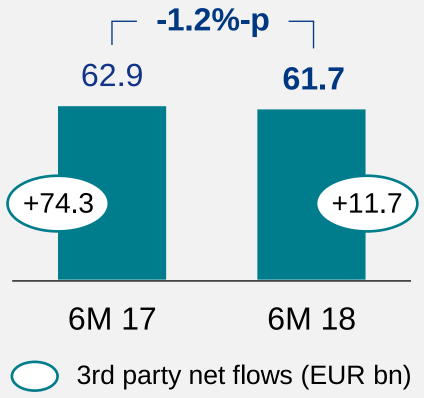
Combined ratio
(in %)



New business margin
(in %)



Cost-income ratio
(in %)



1) NatCat costs (without reinstatement premiums and run-off)

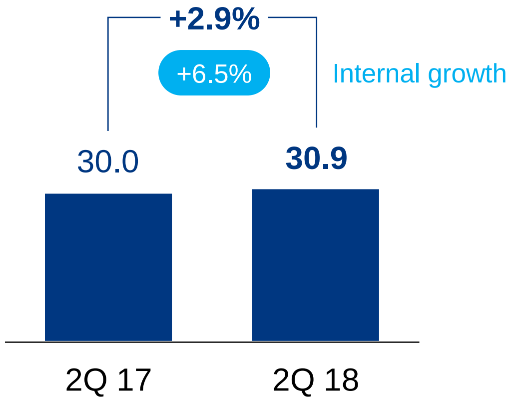
Group: on track to reach targets - 6M EPS up 5 percent

Comments

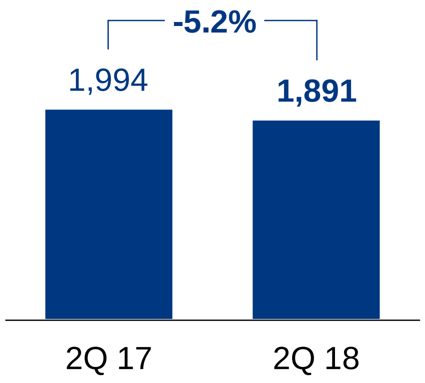
- **Strong internal growth of 5.6%**
  Excellent internal growth in AM with +10.9%.
  Strong internal growth in P/C +5.9% and L/H +4.9%.
  Adverse impact from F/X (-3.7%) and consolidation (-0.2%) leads to total growth of 1.7%.
- **Operating profit at 52% of FY outlook midpoint**
  All segments better than FY outlook midpoint.
  Adverse F/X impact of EUR -255mn. Operating profit outlook for 2018 confirmed at 11.1 billion euros, plus or minus 500 million euros.
- **Net income at 56% of FY 2017**
  Adverse impact from the disposal of a part of the life insurance portfolio in Taiwan (EUR -218mn). Impact from F/X EUR -189mn. Support from lower tax ratio (-3%-p).
- **EUR 2bn share buy-back finalized in 2Q**
  A total of 10.4mn shares were acquired representing 2.4% of outstanding capital.
- **EPS up 5%**
  Number of shares used for EPS is 432.3mn.
  Number of shares as of June 30 stands at 429.9mn.
- **RoE (annualized) up 2.0%-p to 13.8%**
  All segments with RoE ≥ 10%.
- **P/C – good underlying development**
  Improved CR due to better attritional LR and lower ER more than offsetting higher NatCat, weather and large losses. Operating profit at 51% of FY outlook midpoint.
- **L/H – good performance**
  Operating profit at 51% of FY outlook midpoint.
  NBM of 3.4% remains well above target.
  VNB up 6%. New business mix at target.
- **AM – excellent operating profit**
  EUR 12bn 3rd party net inflows and higher AuM driven revenues contribute to operating profit increase of 8%. 52% of OP FY outlook midpoint achieved.
- **CO – on track**
  Operating loss of EUR -0.4bn at 42% of FY outlook midpoint of EUR -0.9bn.

Group: strong 2Q operating profit at EUR 3bn

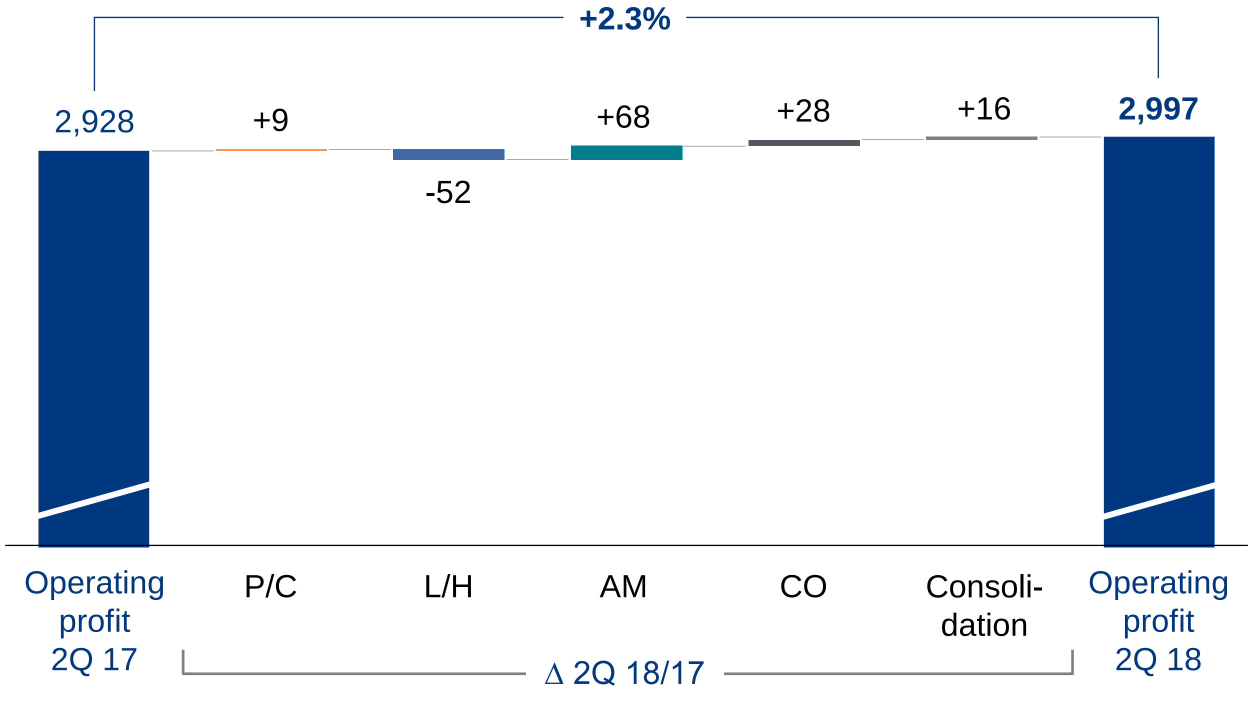
Total revenues (EUR bn)



Shareholders' net income (EUR mn)



Operating profit drivers (EUR mn)



2Q 18	**1,455**	**1,075**	**652**	**-196**	**11**
2Q 17	1,446	1,128	584	-224	-5

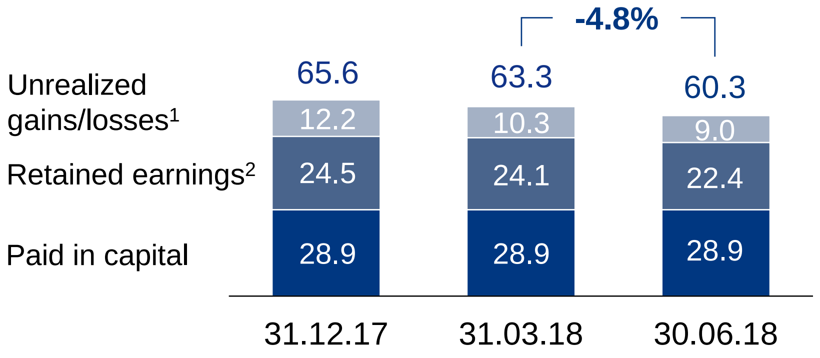
Group: strong 2Q operating profit at EUR 3bn

Comments

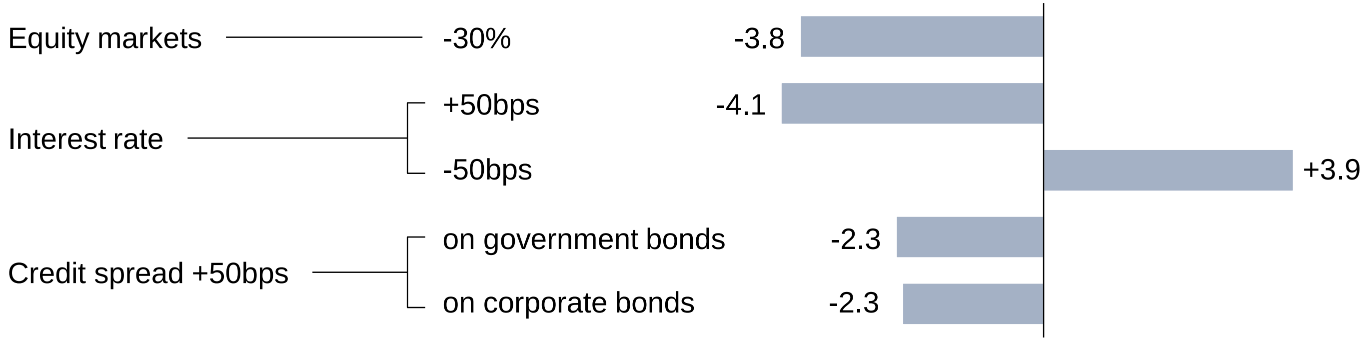
- **Internal growth accelerates to 6.5%**
  Excellent internal growth in AM with +12.6%. Very strong internal growth in P/C +7.3% and L/H +5.0%. Adverse impact from F/X (-3.2%) and consolidation (-0.4%) leads to total growth of +2.9%.
- **Operating profit up 2.3%**
  Strong performance from all segments. Adverse F/X impact of EUR -113mn.
- **Non-operating result affected by disposals**
  Non-operating result down by EUR 270mn mainly due to the sale of a part of the life insurance portfolio in Taiwan (EUR -224mn).
- **S/h net income at 28% of FY 2017 result**
  Support from operating profit and lower tax ratio offset by decline in non-operating result. Adverse F/X impact of EUR -71mn.
- **Second share buy-back of EUR 2bn executed**
  Third share buy-back of EUR 1bn started in July 2018.
- **P/C – positive underlying development**
  OP on last year's level. A higher investment result, strong top-line growth, a better underlying loss experience and a lower expense ratio more than offset higher large, weather and NatCat losses.
- **L/H – good result in line with expectations**
  Operating profit at 26% of FY outlook midpoint. Moderate decline due to F/X and higher PHP. NBM of 3.5% remains well above target. VNB up 5%.
- **AM – operating profit up 19% excluding F/X**
  Operating profit up due to higher average AuM and improved margin.
- **CO – on track**
  Operating loss of EUR -0.2bn at 22% of FY outlook midpoint of EUR -0.9bn.

Group: continued excellent capitalization

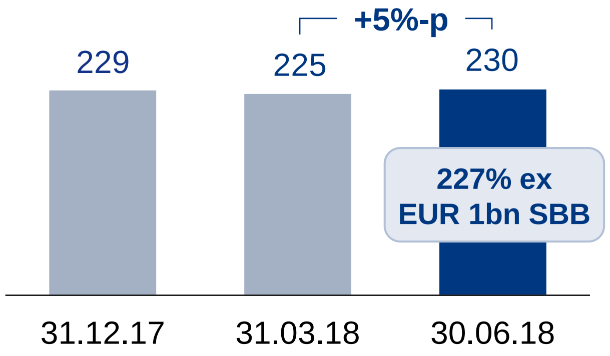
Shareholders' equity (EUR bn)



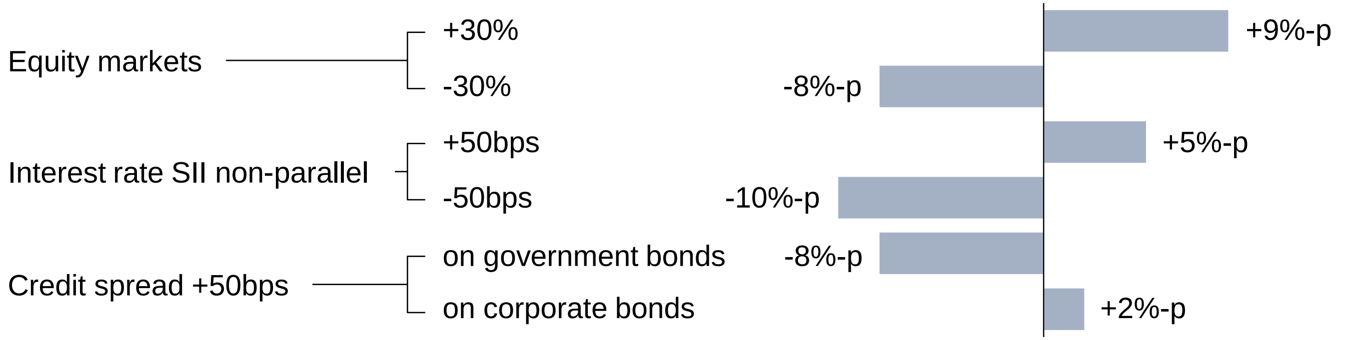
Key sensitivities (EUR bn)



SII capitalization (in %)



Key sensitivities[3]



1) Off-balance sheet unrealized gains on real estate, associates and joint ventures attributable to the shareholders amount to EUR 3.7bn as of 31.12.17, EUR 3.5bn as of 31.03.18 and EUR 3.7bn as of 30.06.18
2) Including F/X
3) Management actions not considered in the disclosed sensitivities. Second order effects are not considered

Group: continued excellent capitalization

Comments

- **Shareholders' equity – EUR 3.9bn capital returned to shareholders in 2Q**
  In 2Q 2018, shareholders' equity decreases by EUR -3.0bn. The positive impact from net income (EUR +1.9bn) and F/X (+0.5bn) was more than offset by dividend payment (EUR -3.4bn), lower net unrealized gains (EUR -1.3bn) and the 2Q slice of the EUR 2bn share buy-back (EUR -0.5bn).
- **SII sensitivities**
  Overall limited changes to 1Q 2018.

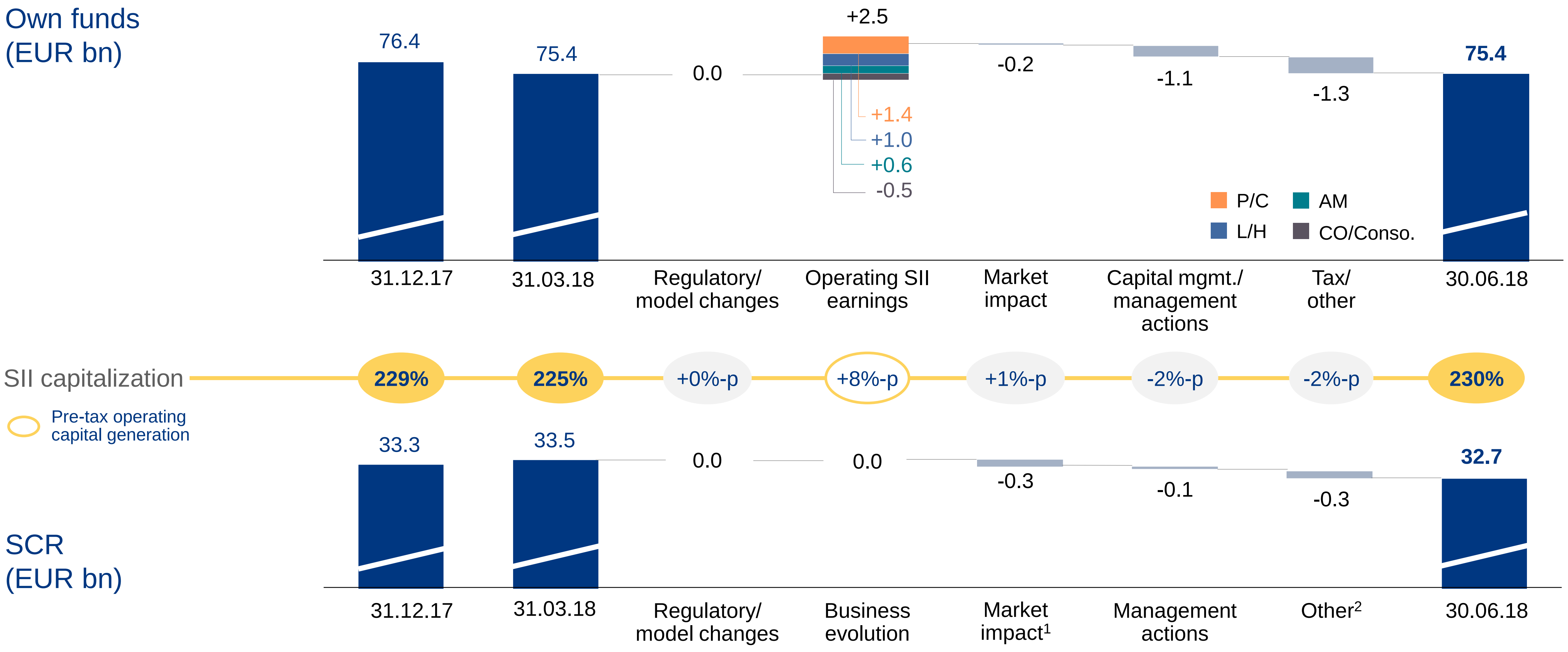
  The increase in IR -50bps sensitivity is due to increased convexity, with strict duration management continuing in 2Q.
- **SII ratio – on excellent level**
  The SII ratio increases 5%-p in 2Q. Own funds are flat at EUR 75.4, while the SCR decreases by EUR 0.8bn to EUR 32.7bn.

  Pre-tax and pre-dividend operating capital generation is good at +8%-p.

  Capital management & management actions (mainly dividend accrual, Euler Hermes minorities buy-out and Taiwan sale) had a combined effect on our SII ratio of -2%-p. Market effects were slightly positive in 2Q. Tax / other reduced own funds by -2%-p, mainly due to higher transferability restrictions.

  The EUR 1bn share buy-back announced on July 2 will be deducted from own funds in 3Q and will reduce the SII ratio by ~3%-p.

Group: good capital generation



1) Including cross effects and policyholder participation
2) Other effects on SCR include diversification effects and third country equivalence

Group: good capital generation

Comments

- **Good capital generation**
  SII capital generation – net of tax and dividend – amounts to ~+4%-p, in line with 2Q 2017. 1H capital generation net of tax and dividend is strong at 8%-p.
- **Regulatory/model changes**
  No impact this quarter.
- **Operating SII earnings**
  SII operating earnings are close to their operating IFRS segment results for P/C, L/H and AM.
- **Business evolution**
  L/H in-force release continues to exceed new business capital requirements, demonstrating the success of our focus on capital-efficient product. P/C capital requirement increase, though, due to strong top-line growth.
- **Market impact**
  Minor impact on our SII ratio of ~+1%-p. Positive impact from equities compensates for spread movements.
- **Capital management/management actions**
  Combined impact of ~-2%-p. Dividend accrual of 50% of net income (EUR ~-0.9bn), Euler Hermes minority buyout (EUR ~-0.2bn) and sale of our Taiwanese legacy book (EUR ~+0.1bn) are major drivers. The SCR relief is also related to the latter.
- **Taxes/other**
  Taxes amount to EUR ~-0.3bn.

  Changes in 'other' are mainly driven by higher transferability restrictions due to lower capital requirements at AZ Leben and by non-operating restructuring charges.
- **Anticipated changes in 3Q**
  The EUR 1bn share buy-back announced on July 2 will lower the SII ratio by ~-3%-p in 3Q. We currently anticipate that the US tax reform will have an additional negative impact on our SII ratio of ~-1%-p in 3Q 2018.

P/C: very good internal growth across the board

EUR mn		Revenues			YTD change on renewals	
		2Q 18	Total growth Δ p.y.	Internal growth Δ p.y.	6M 18	Momentum
	Total P/C segment	**12,087**	**+3.4%**	**+7.3%**	**+1.3%**	n.a.
Selected OEs	Germany	1,912	+4.1%	+4.1%	+2.0%	stable
	Italy	1,141	+0.2%	+0.2%	-0.6%	positive
	France	991	+2.4%	+2.4%	+1.4%	stable
	Australia	833	+1.0%	+8.4%	-1.2%	positive
	CEE[1]	775	+5.3%	+6.0%	n.a.	n.a.
	Spain	608	+3.2%	+3.2%	+2.2%	positive
	United Kingdom	598	-8.0%	-2.6%	+3.0%	stable
	Latin America	484	-8.2%	+13.9%	n.a.	n.a.
	Turkey	268	-8.4%	+21.2%	n.a.	n.a.
Global lines	AGCS	1,904	+18.6%	+19.6%	+0.5%	stable
	Allianz Partners	1,117	+3.6%	+7.8%	+2.5%	stable
	Credit Insurance	663	+23.5%	+9.1%	-1.2%	stable

1) CEE incl. Austria, Russia & Ukraine as of January 2018. Prior year figures have been adjusted.

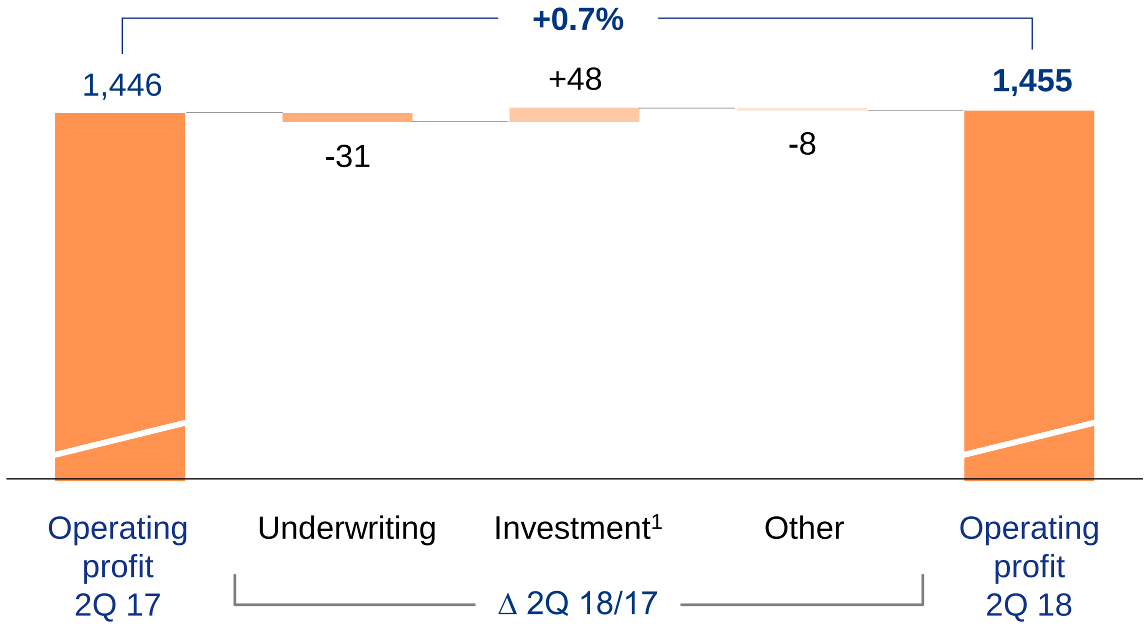
P/C: very good internal growth across the board

Comments

- **Growth accelerates further in 2Q**
  Very strong internal growth of +7.3% (1Q: +4.9%; 1H: +5.9%) with volume (+5.1%) and price (+2.2%) positive. Growth drivers AGCS, AP and Germany. F/X -4.0% and consolidations +0.1% lead to +3.4% total growth. Internal NPE growth very good at +4.2%.
- **Germany – volume and price positive**
  Very good growth. Motor, retail homeowner and legal protection main contributors. Retail GPW +5.3%.
- **Italy – back to modest growth after -0.3% in 1Q**
  Motor business main driver. SpA motor -0.9% after -2.7% in 1Q and Genialloyd +8.3% vs. +4.2% in 1Q.
- **France – price and volume up**
  Motor grows 4.0% with good growth in both retail and commercial motor. Property retail also up.
- **Australia – volume-driven growth**
  Property and liability lines of business main growth contributors.
- **CEE – volume and price positive**
  Contribution from almost all OEs.
- **Spain – good growth in commercial**
  Commercial motor main contributor.
- **UK – price effect more than offset by lower volumes**
  Continued growth in commercial motor and Petplan but lower volumes in personal lines. No business transfers from LV= in 2Q 2018.
- **LatAm – growth almost exclusively price-driven**
  Ongoing recovery in Brazil (IG +12.4%) and strong growth in Argentina (IG +27.0%). Total growth impacted by -22.1% F/X effect.
- **Turkey – internal growth entirely price-driven**
  MTPL back to growth due to base effect from introduction of MTPL price cap in mid-April last year.
- **AGCS – internal growth +9.3% ex ART**
  Liability and MidCorp main growth drivers.
- **AP – strong growth continues**
  New business in health and new contract in Australia. Internal growth incl. service revenues +8.3%.
- **Euler Hermes – volume-driven growth**
  Excellent growth spread across most regions. Growth splits about half/half into underlying growth and one-off effects.

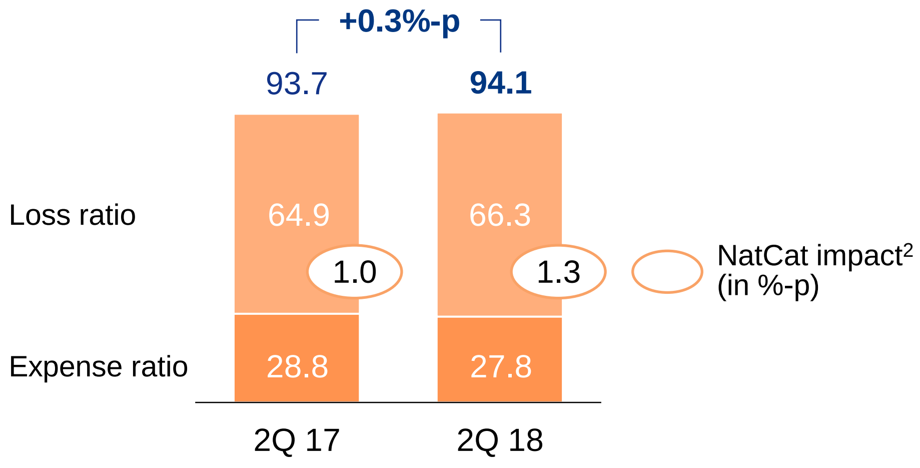
P/C: good underlying performance

Operating profit drivers (EUR mn)

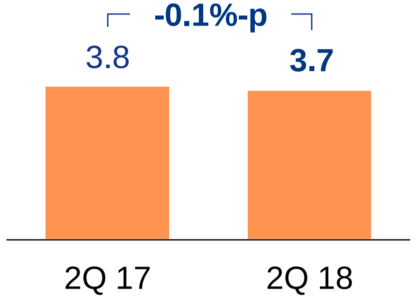


2Q 18	**647**	**795**	**14**
2Q 17	678	747	21

Combined ratio (in %)



Run-off ratio (in %)



1) Including policyholder participation
2) NatCat costs (without reinstatement premiums and run-off)

P/C: good underlying performance

Comments

- **Operating profit – stable**
  OP on last year's level as a slightly lower underwriting result is offset by higher investment income.
  Within the underwriting result, a better underlying loss experience and lower expense ratio is more than offset by higher large, weather and NatCat losses.
- **NatCat & weather – 0.9%-p higher than last year**
  NatCat of EUR 157mn/1.3% up vs. prior year (EUR 124mn/1.0%) but still well below 10Y FY average of 2.1%. Weather losses (ex NatCat) of EUR 197mn/1.6% also meaningfully higher than 2Q 2017 (EUR 119mn/1.0%) and FY multi-year average of 1.1%.
- **Loss ratio – up on large losses and weather**
  Attritional LR rises +1.0%-p to 68.6%. Higher large losses (Δ +1.3%-p) and weather-related claims (Δ +0.6%-p) more than offset underwriting improvements across the portfolio.
- **Run-off – on last year's level**
  At 3.7%, broadly in line with both prior year and 10Y FY average of 3.8%.
- **Expense ratio – on the right track**
  Widespread improvement in the ER leads to -1.0%-p yoy reduction with contribution from acquisition (Δ -0.7%-p) and admin expense ratio (Δ -0.3%-p).
- **1H performance – at 51% of FY outlook mid-point**

	6M 2017	6M 2018	Δ
Attritional LR	68.2%	67.8%	-0.4%-p
NatCat	1.1%	2.0%	+0.9%-p
Run-off	-3.3%	-3.4%	-0.2%-p
ER	28.6%	28.0%	-0.6%-p
CR	**94.6%**	**94.4%**	**-0.2%-p**
OP	**2,705**	**2,729**	**+0.9%**
% FY outlook mid-point	51%	51%	n.m.

- **Outlook**
  As previously communicated, we anticipate to reach a FY CR of 94% and an ER of 28.4%.

P/C: segment impacted by large losses, weather and NatCat

EUR mn		Operating profit		Combined ratio		NatCat impact on CR	
		2Q 18	Δ p.y.	2Q 18	Δ p.y.	2Q 18	Δ p.y.
	Total P/C segment	**1,455**	**+0.7%**	**94.1%**	**+0.3%-p**	**+1.3%-p**	**+0.3%-p**
Selected OEs	Germany	255	+5.6%	94.4%	-0.5%-p	+3.1%-p	-1.6%-p
	Italy	243	+1.4%	84.1%	-0.9%-p	0.0%-p	+0.0%-p
	France	61	-45.6%	103.0%	+6.9%-p	3.3%-p	+3.3%-p
	Australia	167	+37.8%	79.2%	-7.7%-p	6.1%-p	+5.7%-p
	CEE[1]	90	-12.6%	91.1%	+3.1%-p	0.0%-p	+0.0%-p
	Spain	62	+40.4%	89.6%	-3.3%-p	0.0%-p	+0.0%-p
	United Kingdom	40	+23.6%	94.6%	-1.0%-p	0.0%-p	+0.0%-p
	Latin America	22	+1.6%	104.3%	+0.0%-p	0.0%-p	+0.0%-p
	Turkey	27	-21.3%	104.9%	+5.3%-p	0.0%-p	+0.0%-p
Global lines	AGCS	94	-19.4%	100.5%	+3.2%-p	-0.1%-p	-0.2%-p
	Allianz Partners	50	+5.6%	97.5%	-0.2%-p	0.0%-p	+0.0%-p
	Credit Insurance	102	+7.9%	80.4%	+0.0%-p	–	–

1) CEE incl. Austria, Russia & Ukraine as of January 2018. Prior year figures have been adjusted.

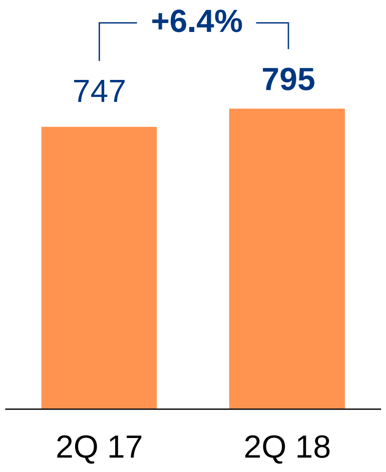
P/C: segment impacted by large losses, weather and NatCat

Comments

- **Germany – underlying improvement**
Lower NatCat, improved underlying LR and higher run-off (∆ -0.9%-p) more than offset higher weather-related and large losses (∆ +3.0%-p combined).
- **Italy – remains on excellent level**
Lower weather-related claims and better ER (∆ -1.1%-p).
- **France – strong large loss and weather impact**
Weather (ex NatCat) and large losses 9.1%-p above last year. Impact partly mitigated by -2.5%-p ER improvement.
- **Australia – outstanding CR**
Higher run-off, strong improvement in the attritional LR and a lower ER more than offset higher NatCat.
- **CEE – regional transformation fully on track**
CR development mainly due to lower run-off.
- **Spain – further improvement from excellent level**
AY LR improves 3.0%-p on lower large losses.
- **UK – on good level**
ER improves (-1.1%-p), mainly related to one-off effects.
- **LatAm – improvements offset by F/X effects**
OP Brazil EUR +5mn (∆ EUR +5mn). AY LR drives -3.9%-p CR reduction to 103.9%. Argentina OP EUR +14mn (∆ +9.7%). A better investment result more than offsets a 4.6%-p CR increase to 110.2%.
- **Turkey – good performance in difficult environment**
A better ER (∆ -0.9%-p) and run-off ratio (∆ -0.6%-p) cannot fully offset continued negative MTPL impact.
- **AGCS – good underlying performance**
CR increases on higher large losses.
- **AP – OP up on good top-line growth**
CR broadly stable. Strong top-line development drives OP growth.

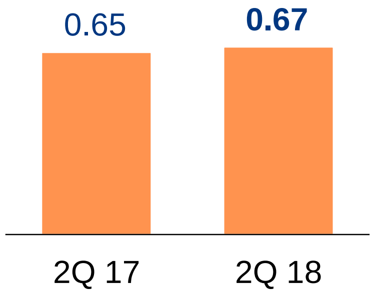
P/C: investment income up on income from equities

Operating investment result[1]
(EUR mn)

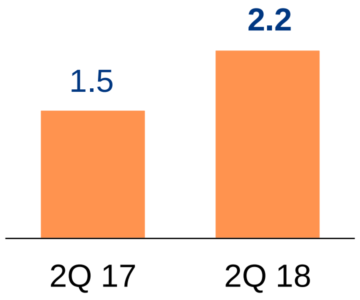


Interest & similar income[2]	880	**895**	+14
Net harvesting and other[3]	-43	**-8**	+35
Investment expenses	-91	**-92**	-1

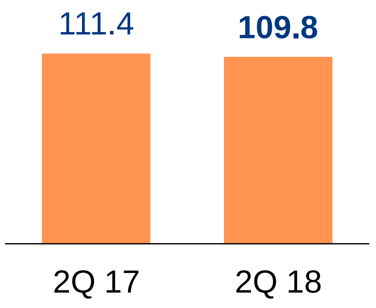
Current yield
(debt securities; in %)



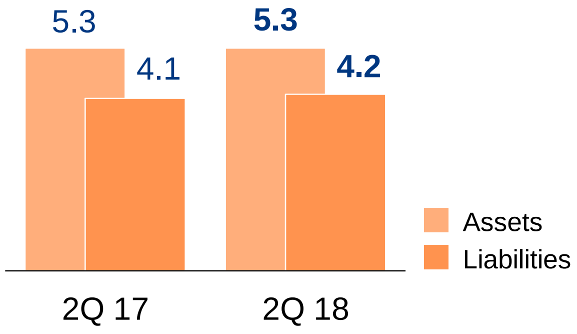
Economic reinvestment yield
(debt securities; in %)



Total average asset base[4]
(EUR bn)



Duration[5]



1) Including policyholder participation
2) Net of interest expenses
3) Other comprises fair value option, trading and F/X gains and losses, as well as policyholder participation

4) Asset base includes health business France, fair value option and trading
5) For the duration calculation a non-parallel shift in line with Solvency II yield curves is used. Data excludes internal pensions residing in the P/C segment

P/C: investment income up on income from equities

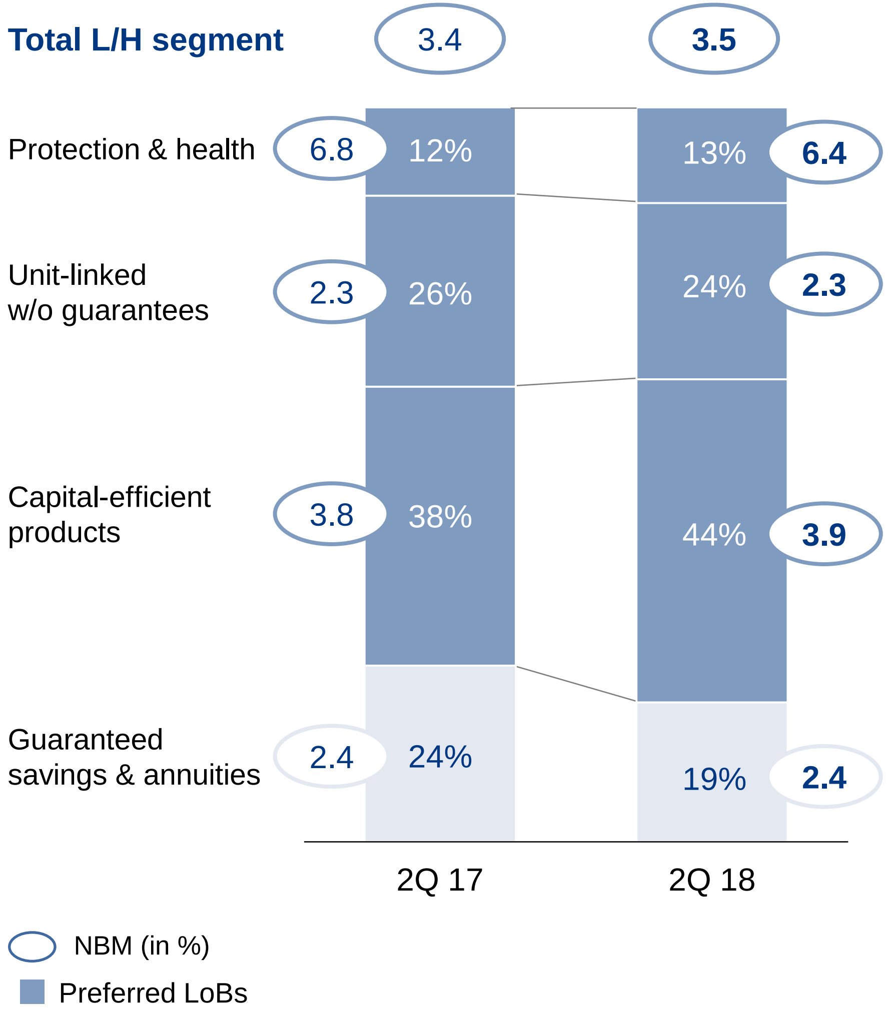
Comments

- **Interest & similar income**
  Higher income on equities more than offsets lower income on debt and other. Current income on equities benefits from positive one-off of approximately EUR 20mn.

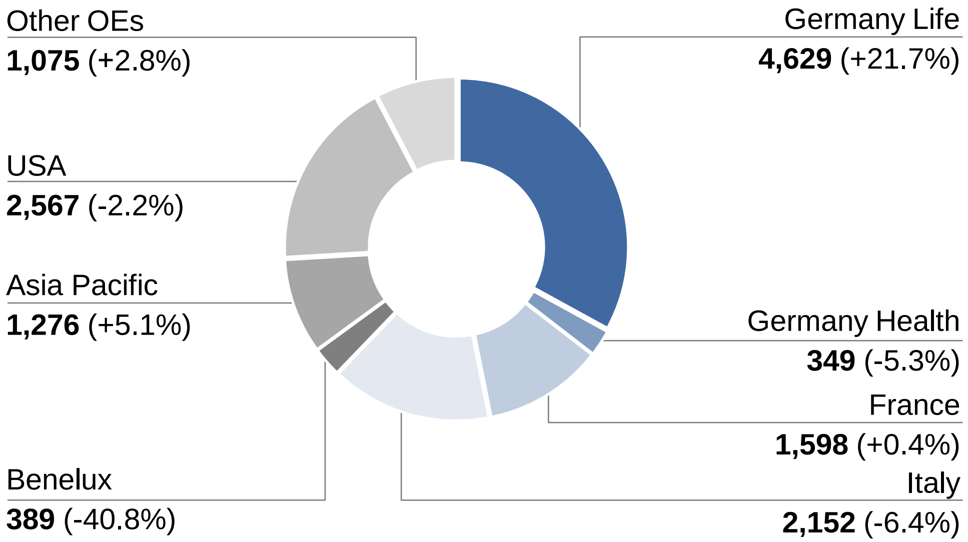
  Interest & similar income negatively impacted by F/X to the tune of EUR -37mn.
- **Net harvesting & other**
  Higher F/X result net of hedges.
- **Current yield**
  Current yield is positively impacted by special distributions from infrastructure debt and other minor effects. Adjusted for these, the current yield would be broadly flat.
- **Economic reinvestment yield**
  Significantly above 1Q 2018 (1.8%) due to investments in emerging markets.

L/H: 3% new business growth with NBM 3.5%

PVNBP share by line



PVNBP by OE (EUR mn)



EUR mn	2Q 17	2Q 18	Δ p.y.
PVNBP	13,606	**14,035**	+3.2%
Single premium	9,205	9,310	+1.1%
Recurring premium	707	741	+4.8%
APE	1,628	**1,672**	+2.7%

L/H: 3% new business growth with NBM 3.5%

Comments

PVNBP by line

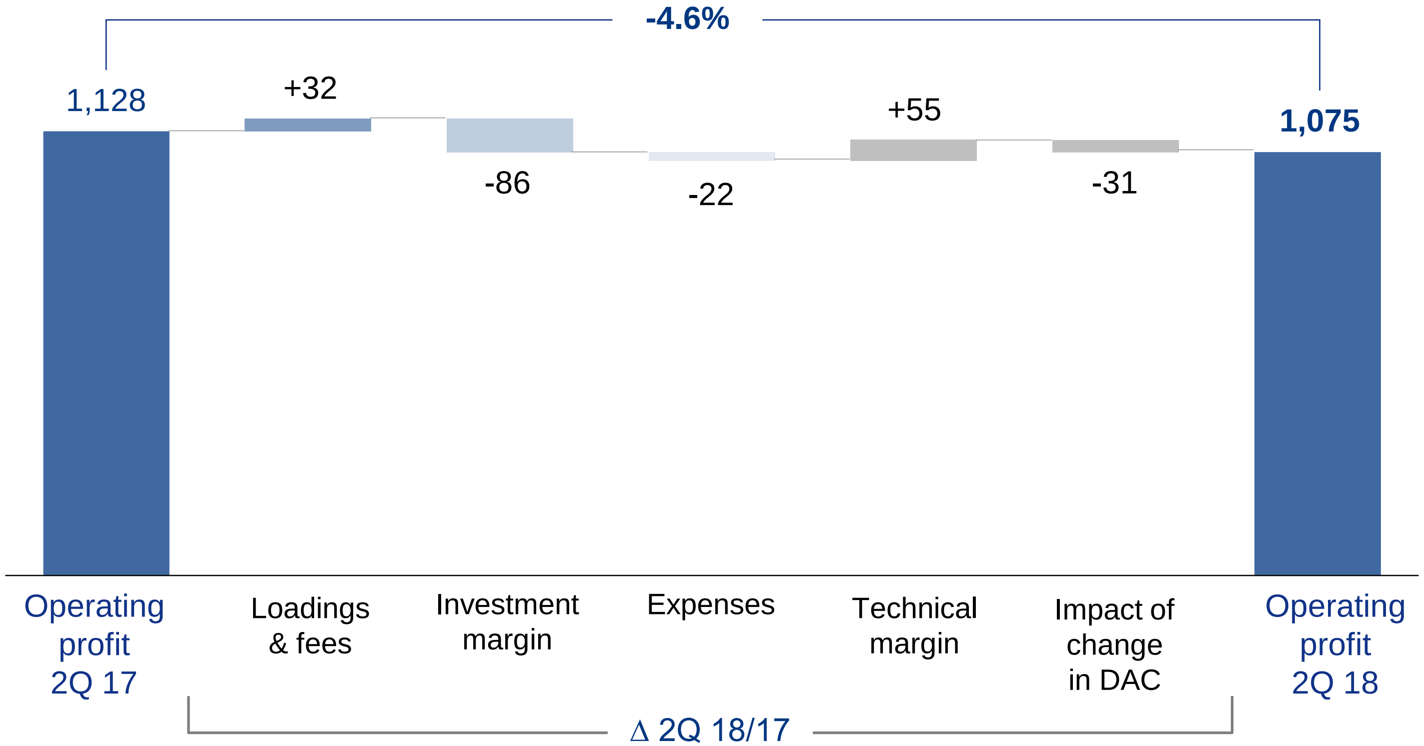
- **New business growth of 4.5% excluding F/X**
  Adverse F/X impact leads to total growth of 3.2%.
- **Preferred lines grow 10% with NBM 3.8%**
  Capital-efficient products in Germany Life increase by 35% or EUR 0.8bn in volume. UL sales in Luxembourg down by EUR 0.3bn.
  Sales of GS&A decrease by 18%.
- **NBM remains well above target level of 3.0%**
  NBM improves 0.1%-p.
- **Business mix at target**
  Share of preferred lines of business for 6M 2018 at 82%.
- **Net flows keep good momentum**
  Net flows up 9% to EUR 3.0bn. Net flows foremost into preferred lines of business.

PVNBP by OE

- **Germany Life – preferred lines grow 33%**
  Sales benefit from enhanced product features, e.g. IndexSelect. Higher share of riders in single premiums supports growth of P&H (+18%). Good start of Riester App with easier access to subsidies.
- **USA – volume stable in USD**
  Decline entirely due to F/X.
- **Benelux impacted by UL Luxembourg**
  High prior-year level of UL Luxembourg (uncertainty around French election). Strong growth in Belgium (+13%) and Netherlands (+50%). NBM Benelux of 2.8% moves close to target level.
- **Italy – capital-efficient products up 21%**
  UL business down 11% from high prior-year base.
- **Asia Pacific – volume grows 8% excluding F/X**
  In local currency very good volume growth of 36% in China and 17% in Malaysia.

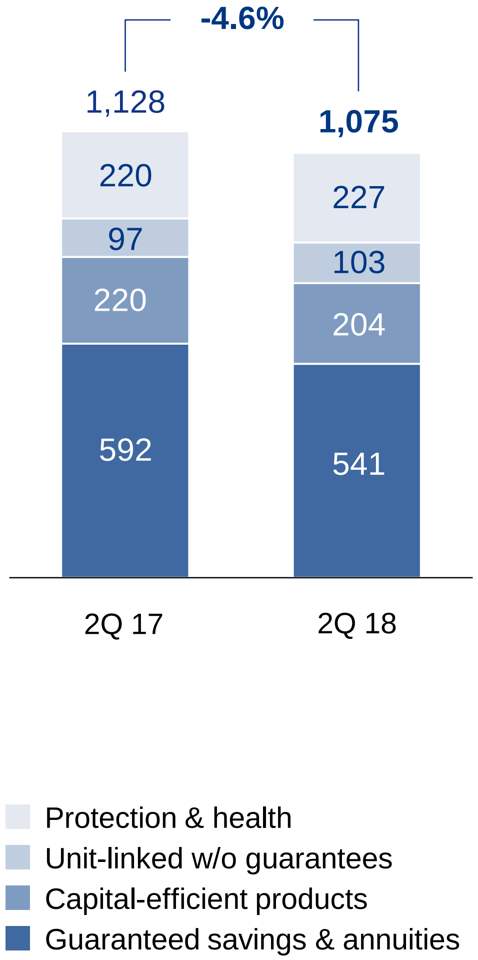
L/H: operating profit good at EUR 1.1bn
(EUR mn)

Operating profit by source



2Q 18	**1,477**	**949**	**-1,693**	**337**	**5**
2Q 17	1,445	1,035	-1,671	283	36

Operating profit by line



L/H: operating profit good at EUR 1.1bn

Comments

- **Operating profit at good level**
  Decline mainly driven by F/X (∆ EUR -31mn) and higher PHP. Operating profit at 26% of FY outlook midpoint.
- **Share of OEs with RoE ≥ 10% at 93%**
  Share of OEs with 6M RoE (annualized) ≥ 10% up 15%-p to 93%. RoE of Italy and France move above 10% hurdle. L/H segment RoE 6M (annualized) declines to 10.9% due to the sale of a part of the life insurance portfolio in Taiwan (net income impact of EUR -218mn).
- **Investment margin solid at 22bps**
  Solid investment margin despite adverse F/X and higher PHP (+2.3%-p). Gross investment margin stable at 57bps.
- **Technical margin up 19%**
  Prior year result affected by one-off charges.

Operating profit by line

- **Capital-efficient products driven by F/X**
  Lower contribution from our US business mainly due to F/X (∆ EUR -15mn).
- **Guaranteed savings & annuities – US business**
  Operating profit from US business down by EUR -43mn mainly due to lower result from traditional VA. Contribution from Germany Life decreases by EUR -26mn due to decline in net harvesting result and a higher PHP. Better operating profits from France (∆ EUR +14mn) and Italy (∆ EUR +10mn)
- **6M operating profit at 51% of FY outlook midpoint**

	6M 2017	6M 2018	∆
PVNBP (EUR mn)	28,354	29,033	+2.4%
NBM	3.3%	3.4%	+0.1%-p
VNB (EUR mn)	922	980	+6.3%
Investment margin	49bps	44bps	-5bps
Operating profit (EUR mn)	2,282	2,144	-6.0%

L/H: VNB up 5%

EUR mn	Value of new business		New business margin		Operating profit	
	2Q 18	Δ p.y.	2Q 18	Δ p.y.	2Q 18	Δ p.y.
Total L/H segment	**491**	**+4.7%**	**3.5%**	**+0.1%-p**	**1,075**	**-4.6%**
Germany Life	187	+22.5%	4.0%	+0.0%-p	257	-10.1%
USA	92	-2.1%	3.6%	+0.0%-p	217	-17.0%
Asia-Pacific	55	+2.4%	4.3%	-0.1%-p	61	-10.5%
Italy	49	-7.8%	2.3%	+0.0%-p	65	+19.6%
France	29	+17.1%	1.8%	+0.3%-p	160	+2.3%
Germany Health	14	+14.3%	4.0%	+0.7%-p	69	+26.2%
Spain	13	-34.4%	4.2%	-2.5%-p	72	-20.5%
Benelux	11	-17.8%	2.8%	+0.8%-p	50	+44.3%
CEE[1]	11	-1.7%	6.0%	+0.2%-p	58	+11.4%
Turkey	10	-23.1%	5.9%	-0.4%-p	19	+6.2%
Switzerland	4	-14.8%	2.7%	-0.4%-p	24	+5.0%

1) CEE incl. Austria, Russia & Ukraine as of January 2018. Prior year figures have been adjusted.

L/H: VNB up 5%

Comments

New business

- **NBM above target level of 3.0%**
  For the 6th consecutive quarter NBM ≥ 3.0%.
- **VNB increases 7% excl. F/X**
  Growth in local currency is +0.3% in USA, +5.0% in Asia-Pacific and +2.3% in Turkey. 87% of VNB stem from preferred lines of business.
- **Germany Life with 23% VNB growth**
  Almost entirely driven by capital-efficient products (VNB +36%) with NBM of 4.2%.
- **Spain with more new business but lower NBM**
  Drop in NBM due to model change and business mix shift in banking channel.
- **France – better business mix**
  81% of VNB stem from preferred lines of business.

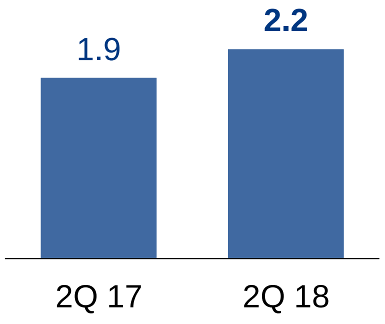
Operating profit

- **Germany Life – PHP up 1.4%-p**
  Lower net harvesting result and higher PHP.
- **USA – unfavorable market development and F/X**
  Less favorable result from traditional VA (EUR -28mn) and F/X (EUR -18mn) weigh on operating profit.
- **Italy – more UL fees and better investment margin**
  Prior-year investment margin affected by impairments.
- **Spain – normalization of investment margin**
  Prior-year investment margin supported by ALM optimization.
- **Benelux – all countries show better profits**
  Technical margin in Belgium benefits from release of unclaimed reserves.
- **Germany Health – better investment margin**
- **Asia-Pacific – broadly stable adjusted for F/X**

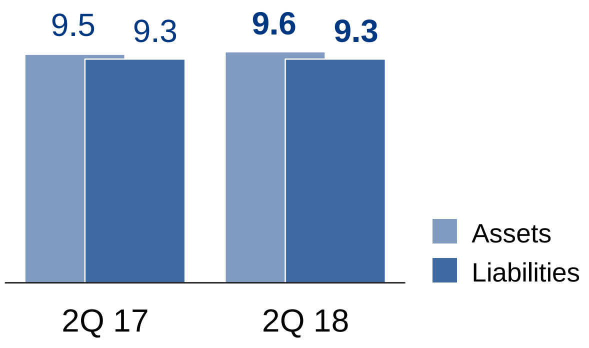
L/H: investment margin solid at 22bps

(Yields are pro-rata)	Investment margin 2Q 17	Investment margin 2Q 18
Based on Ø book value of assets[1] (EUR bn)	**516**	**529**
Current yield	0.89%	0.88%
Based on Ø aggregate policy reserves (EUR bn)	**424**	**437**
Current yield	**1.09%**	**1.06%**
Net harvesting and other[2]	0.00%	0.01%
Total yield	**1.09%**	**1.07%**
- Ø min. guarantee[3]	0.52%	0.50%
Gross investment margin (in %)	**0.57%**	**0.57%**
- Profit sharing under IFRS[4]	0.32%	0.36%
Investment margin (in %)	**0.24%**	**0.22%**
Investment margin (EUR mn)	1,035	949

Economic reinvestment yield (debt securities; in %)



Duration[5]



1) Asset base under IFRS which excludes unit-linked, FVO and trading
2) Other comprises fair value option, trading and F/X gains and losses, as well as investment expenses
3) Based on technical interest
4) Includes bonus to policyholders under local statutory accounting and deferred premium refund under IFRS
5) For the duration calculation a non-parallel shift in line with SII yield curves is used. Data excludes internal pensions residing in the L/H segment

L/H: investment margin solid at 22bps

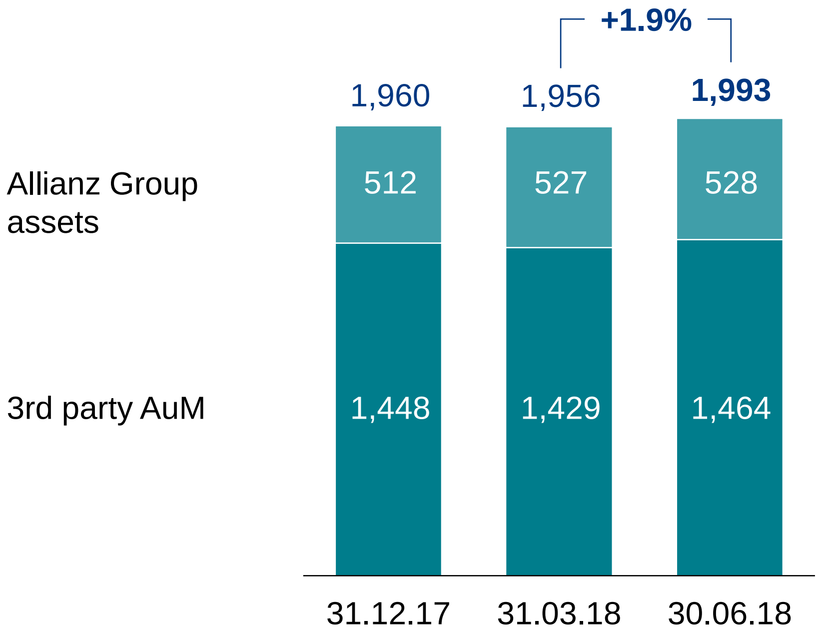
Comments

- **Yield decline within expected range**
  Current yield based on aggregate policy reserves down by -2bps.
- **Gross investment margin stable**
  Impact from yield decline offset by lower average minimum guarantee (Δ -2bps) and slightly better result from net harvesting & other (Δ +1bp).
- **Investment margin (in %) on track**
  Decrease by -2bps to 22bps due to higher PHP which is up 2.3%-p to 79.8%. Level of PHP compares well with 79.4% for FY 2017.

  6M 2018 investment margin at 44bps. Normal full-year level for 2018 expected at approx. 90-95bps.
- **Investment margin (EUR mn) at good level**
  Negative F/X impact of EUR -41mn. Support from higher reserve base (+3%).
- **Economic reinvestment yield significantly up**
  Increase by 0.3%-p vs. 2Q 2017 and 1Q 2018 mainly due to higher yields from corporate bonds and emerging markets. 6M 2018 economic reinvestment rate at 2.0%.
- **Durations broadly stable**

AM: total AuM at highest level ever
(EUR bn)

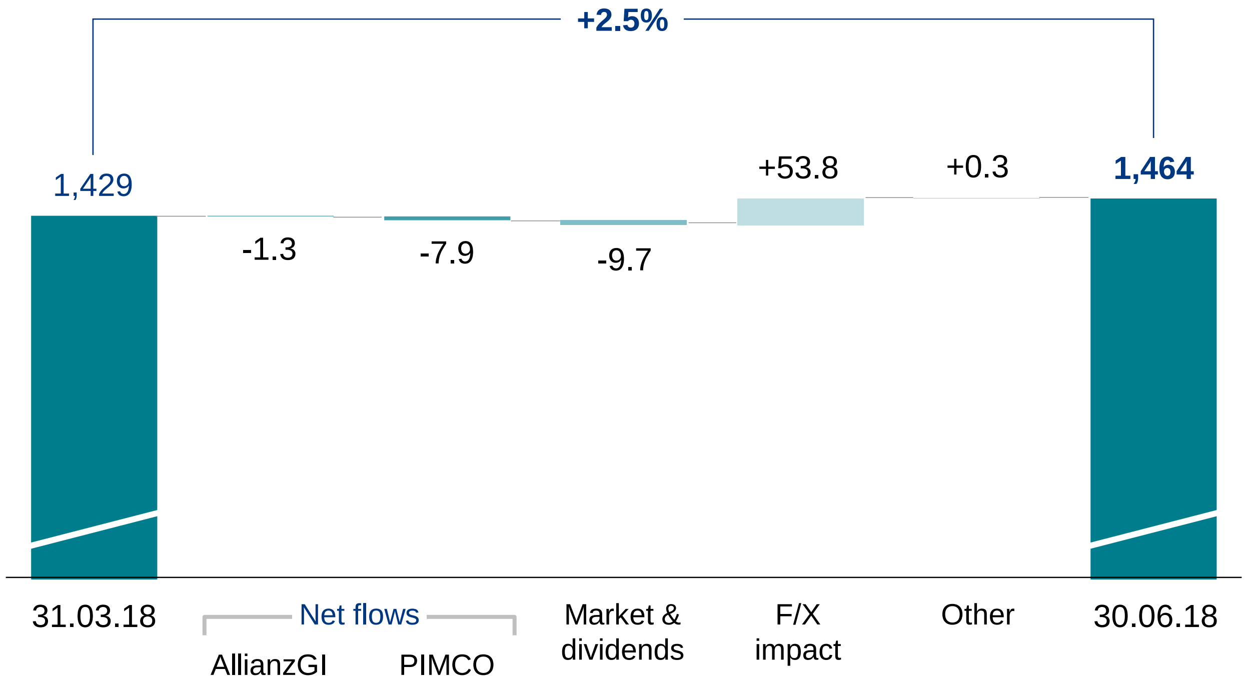
Total assets under management



3rd party AuM split

	31.12.17	31.03.18	30.06.18
PIMCO	1,112	1,099	**1,126** (+2.4%)
AllianzGI	336	330	**339** (+2.6%)

3rd party assets under management development



in %	-0.1%	-0.6%	-0.7%	+3.8%	0.0%

AM: total AuM at highest level ever

Comments

- **3rd party AuM segment – beneficial F/X impact**
  Rising 3rd party AuM (+2.5%) driven by strengthening of USD versus EUR during 2Q 2018, more than compensating for adverse markets and net outflows.

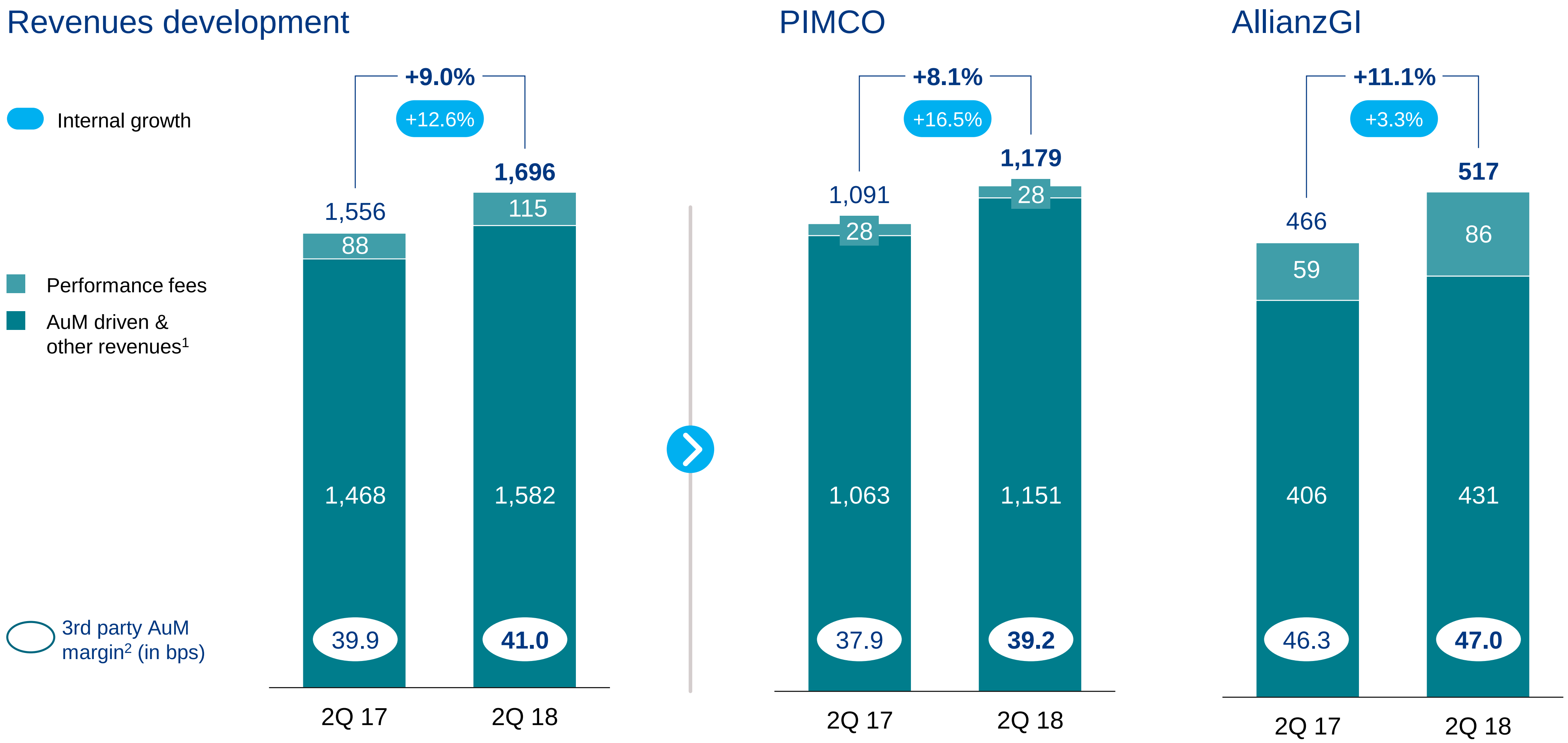
- **3rd party net flows segment: EUR -9bn**
  Net inflows in mutual funds, net outflows from separate accounts. Mix of flows supports revenue development. EUR 12bn net inflows in 6M 2018.

- **3rd party net flows PIMCO: EUR -8bn**
  Majority of outflows stems from one large institutional mandate. 3rd party net inflows in high yield, hedge fund, book yield-oriented and global investment strategies.

  Excellent investment performance: 93% of 3rd party AuM outperform benchmarks on a trailing 3-year basis before fees.

- **3rd party net flows AllianzGI: EUR -1bn**
  3rd party net inflows in multi asset products, but outflows from fixed income and equity strategies.

AM: strong internal growth and better margin
(EUR mn)



1) Thereof other revenues: AM: 2Q 17: EUR -8mn, 2Q 18: EUR +14mn; PIMCO: 2Q 17: EUR -8mn; 2Q 18: EUR +8mn; AllianzGI: 2Q 17: EUR 0mn; 2Q 18: EUR +6mn
2) Excluding performance fees and other income

AM: strong internal growth and better margin

Comments

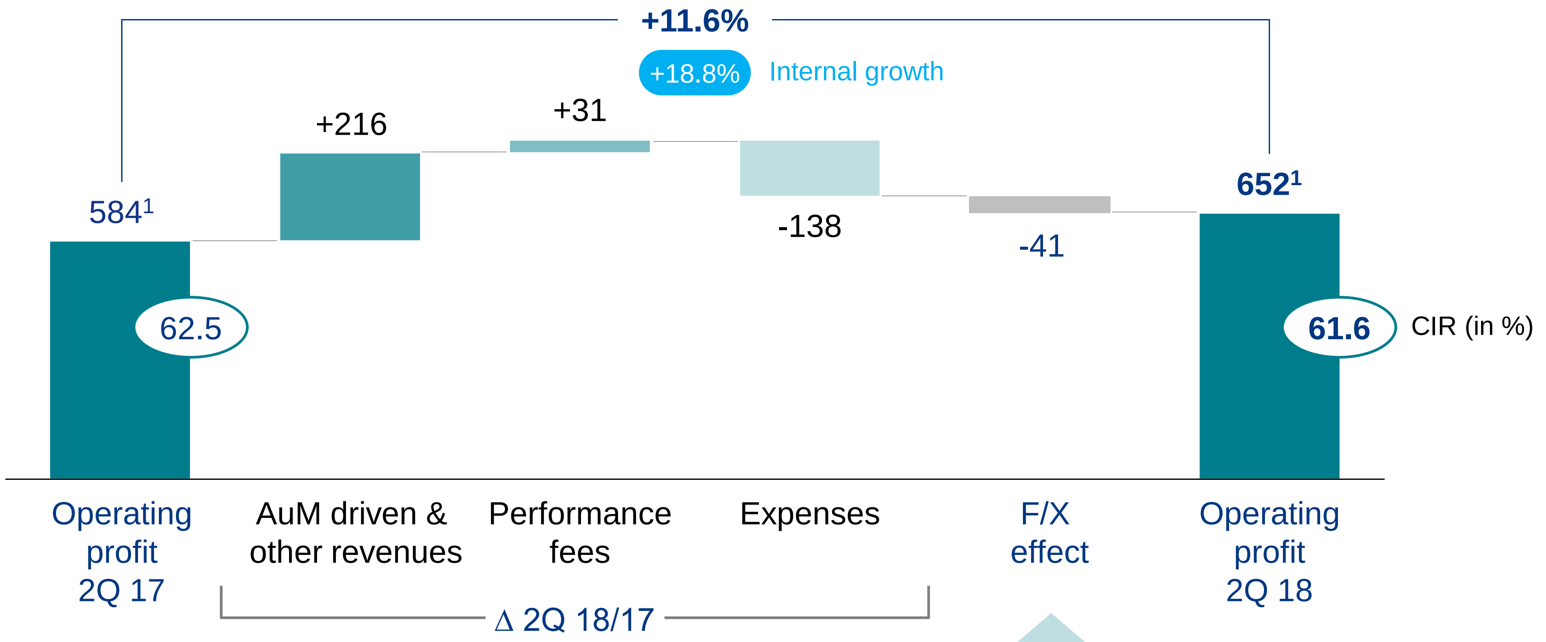
- **Revenues segment – internal growth +13%**
  AuM driven revenues up 6% (+13% excluding F/X) due to higher average 3rd party AuM (+3%) and higher margins. Performance fees and other revenues contribute positively.
- **Performance fees PIMCO – stable**
  Excluding F/X Δ EUR +2mn / +7%.
  No change on a nominal basis.
- **Performance fees AllianzGI – high level**
  Significant increase due to inclusion of ACP (EUR 31mn in 2Q 2018) starting in 2018.
- **Revenue margins increase**
  3rd party AuM margin of the segment increases to 41.0bps.

  PIMCO‘s 3rd party AuM margin rises to highest level since 4Q 2015 primarily due to higher share of mutual fund business.

  3rd party AuM margin of AllianzGI increases primarily due to sale of AllianzGI Korea (completed in 3Q 2017).

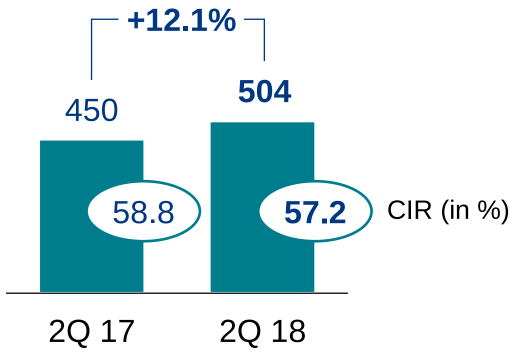
AM: OP increases double-digit
(EUR mn)

Operating profit drivers

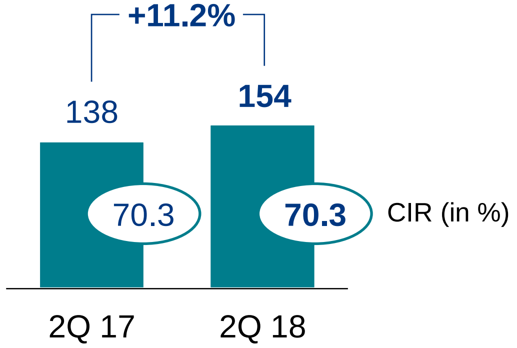


F/X impact	-102	-4	+65
2Q 18	**1,582**	**+115**	**-1,045**
2Q 17	1,468	+88	-972

PIMCO



AllianzGI



1) Including operating loss from other entities of EUR -4mn in 2Q 17 and EUR -7mn in 2Q 18

AM: OP increases double-digit

Comments

- **Segment – OP significantly up**
  F/X adjusted operating profit increases by 19% (nominal profit growth +12%) mainly due to higher AuM driven revenues. 52% of OP outlook midpoint for FY 2018 achieved in 6M 2018.

  CIR improves 0.9%-p driven by PIMCO.
- **PIMCO – strong OP despite adverse F/X**
  F/X adjusted operating profit increases by 21%. Higher average 3rd party AuM and higher margins lead to growth in AuM driven revenues (+7%) and nominal operating profit (+12%).

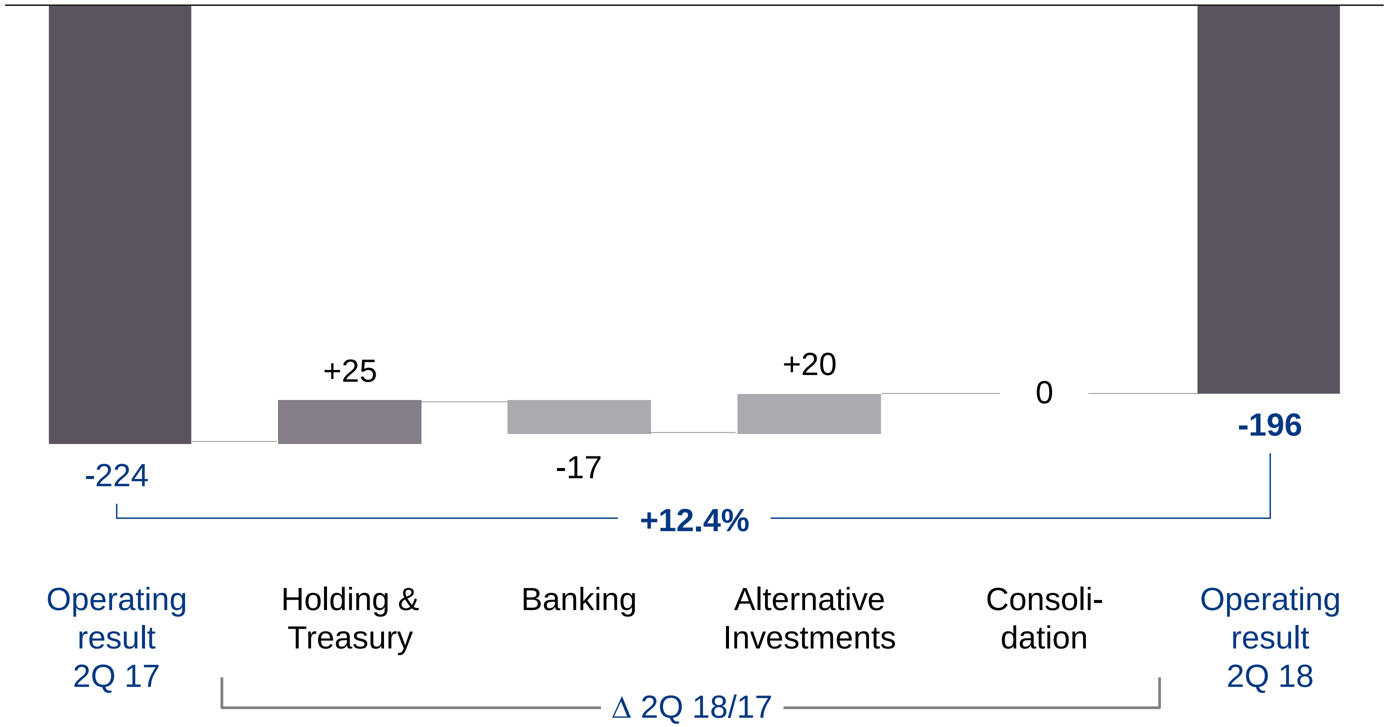
  CIR improves 1.5%-p due to expense discipline and base effect from retention program ended in 2Q 2017.
- **AllianzGI – strong OP**
  F/X adjusted operating profit rises by 13%. Higher AuM driven revenues are the major driver of nominal operating profit increase of 11%.

  CIR stable despite inclusion of ACP. CIR excluding ACP at 67.5%, down 2.8%-p versus 2Q 2017.
- **1H performance – significant profit growth**

	6M 2017	6M 2018	Δ
Operating revenues (EUR mn)	3,114	3,257	+5%
Operating profit (EUR mn)	1,156	1,247	+8%
3rd party net flows (EUR bn)	+74	+12	-84%
3rd party AuM margin (bps)	40.0	40.5	+0.5bps
CIR (%)	62.9%	61.7%	-1.2%-p

CO: improving

Operating loss development and components



2Q 18	-230	10	25	0
2Q 17	-255	26	5	0

CO: improving

Comments

- **Operating loss in line with FY target**
  Operating loss of EUR -0.2bn at 22% of FY outlook midpoint of EUR -0.9bn.
- **Holding & Treasury**
  Main driver is higher net interest result (Δ EUR +15mn).
- **Banking**
  Change is driven by disposal of Oldenburgische Landesbank (Δ EUR -11mn).
- **Alternative Investments**
  Mainly driven by dividends from new investments.

Group: s/h net income of EUR 1.9bn

EUR mn	2Q 17	2Q 18	Change
Operating profit	2,928	2,997	+69
Non-operating items	**-43**	**-313**	**-270**
Realized gains/losses (net)	337	377	+40
Impairments (net)	-59	-103	-44
Income from financial assets and liabilities carried at fair value (net)	25	3	-22
Interest expenses from external debt	-208	-210	-3
Acquisition-related expenses	5	0	-5
Restructuring charges	-115	-124	-10
Amortization of intangible assets	-34	-258	-224
Change in reserves for insurance and investment contracts (net)	6	3	-3
Income before taxes	**2,886**	**2,684**	**-202**
Income taxes	-793	-689	+104
Net income	**2,093**	**1,995**	**-98**
Non-controlling interests	-99	-104	-5
Shareholders' net income	**1,994**	**1,891**	**-103**
Effective tax rate	27%	26%	-2%-p

Group: s/h net income of EUR 1.9bn

Comments

- **S/h net income driven by non-OP result**
  Higher operating profit (Δ EUR +69mn) and benefit from lower tax rate (Δ -2%-p) more than offset by non-operating result (Δ EUR -270mn).
- **Non-OP result affected by disposals**
  Impact of EUR -224mn from the sale of a part of the life insurance portfolio in Taiwan reflected in line item amortization of intangible assets. Contribution from harvesting result broadly stable (Δ EUR -4mn).
- **Tax expenses benefit from US tax reform**
  Tax rate in line with expectations. Allianz Group tax rate for FY 2018 expected at lower end of 26%-28% range.
- **Non-controlling interests – offsetting factors**
  Improvement from increased share in Euler Hermes (Δ EUR +26mn) partially offset by new investments in alternative assets with minority shareholders.

Status quo and ambitions

6M 18	2018			6M 18	2018
6.8%[1]	5%[1]	EPS Growth	Businesses with NPS above market	**60%[2]**	75%
13.8%	13%	RoE Allianz Group	SII interest rate sensitivity	**10%-p**	<11%-p
94.4%	94%	P/C CR	PIMCO CIR	**56.9%**	60%
93%	100%	L/H OEs with RoE ≥10%	IMIX	**72%[2]**	72%
3.4%	3.0%	L/H NBM	Share of newly launched digital products	**97%[2]**	~100%

1) CAGR of (annualized) EPS versus EPS for FY 2015. Annualized figures are not a forecast for full-year numbers
2) Based on latest available data

CONTENT

Glossary (1)

AFS	Available-for-sale: Non-derivative financial assets which have been acquired neither for sale in the near term nor to be held to maturity. Available-for-sale investments are shown at fair value on the balance sheet.
AGCS	Allianz Global Corporate & Specialty
AllianzGI	Allianz Global Investors
AM	(The business segment) Asset Management
AP	Allianz Partners
APE	Annual premium equivalent: A measure to normalize single premiums to the recurring premiums. It is calculated as sum of recurring premiums and 10% of single premiums of the respective period.
APR	Accident insurance with premium refund: Special form of accident insurance where the policyholder, in addition to insurance coverage for accidents, has a guaranteed claim to refund of premiums at the agreed maturity date or in the event of death.
Attritional LR	Accident year losses less claims arising from natural catastrophes as per our Group definition (please refer to “NatCat”) divided by premiums earned (net).
AuM	Assets under management are assets or securities portfolios, valued at current market value, for which Allianz Asset Management companies provide discretionary investment management decisions and have the portfolio management responsibility. They are managed on behalf of third parties as well as on behalf of the Allianz Group. **Net flows:** Net flows represent the sum of new client assets, additional contributions from existing clients, including dividend reinvestment, withdrawals of assets from, and termination of, client accounts and distributions to investors. **Market & dividends:** Market & dividends represents current income earned on and changes in fair value of securities held in client accounts. It also includes dividends from net investment income and from net realized capital gains to investors of open-ended mutual funds and of closed-end funds.
AY LR	Accident year loss ratio – please refer to “LR” (loss ratio).
AZ	Allianz

Glossary (2)

Bps	Basis points. 1 Basis point = 0.01%.
CEE	Central and Eastern Europe excluding Russia and Ukraine
CIR	Cost-income ratio: Operating expenses divided by operating revenues
CO	(The business segment) Corporate and Other
CR	Combined ratio: Represents the total of acquisition and administrative expenses (net), excluding one-off effects from pension revaluation, and claims and insurance benefits incurred (net) divided by premiums earned (net).
Current yield	Represents interest and similar income divided by average asset base at book value.
DAC	Deferred acquisition costs: Expenses of an insurance company which are incurred in connection with the acquisition of new insurance policies or the renewal of existing policies and activated in the balance sheet. They include commissions paid, underwriting expenses and policy issuance costs.
Economic reinvestment yield	The economic reinvestment yields reflects the reinvestment yield including F/X hedging costs for non-domestic hard currency F/X bonds as well as expected F/X losses on non-domestic emerging markets bonds in local currencies. The yield is presented on an annual basis.
EIOPA	European Insurance and Occupational Pensions Authority
EPS	Earnings per share: Ratio calculated by dividing the net income for the year attributable to shareholders by the weighted average number of shares outstanding (basic EPS). In order to calculate diluted earnings per share, the number of common shares outstanding and the net income for the year attributable to shareholders are adjusted by the effects of potentially dilutive common shares which could still be exercised. Potentially dilutive common shares arise in connection with share-based compensation plans (diluted EPS).
ER	Expense ratio: Represents acquisition and administrative expenses (net), excluding one-off effects from pension revaluation, divided by premiums earned (net).
F/X	Foreign exchange rate

Glossary (3)

FIA	Fixed-index annuity: Annuity contract whereby the policyholder can elect to be credited based on movements in equity or bond market indices with protection of principal.
FV	Fair value: The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
FVO	Fair value option: Financial assets and liabilities designated at fair value through income are measured at fair value with changes in fair value recorded in the consolidated income statement.
Goodwill	Difference between the cost of acquisition and the fair value of the net assets acquired.
Government bonds	Government bonds include government and government agency bonds.
GPW	Gross premiums written – please refer to “Premiums written/earned” as well as “Gross/Net”.
Gross/Net	In insurance terminology the terms “gross” and “net” mean before and after consideration of reinsurance ceded, respectively. In investment terminology the term “net” is used where the relevant expenses have already been deducted.
Harvesting	Includes realized gains/losses (net) and impairments of investments (net).
Held for sale	A non-current asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. On the date a non-current asset meets the criteria as held for sale, it is measured at the lower of its carrying amount and fair value less costs to sell.
IFRS	International Financial Reporting Standards. Since 2002, the designation IFRS applies to the overall framework of all standards approved by the International Accounting Standards Board. Already approved standards will continue to be cited as International Accounting Standards (IAS).
IMIX	The Inclusive Meritocracy Index (IMIX) measures the progress of the organization on its way towards Inclusive Meritocracy. The internal index is subsuming 10 Allianz Engagement Survey (AES) items around leadership, performance and corporate culture.
Internal growth	Total revenue performance excluding the effects of foreign currency translation as well as of acquisitions and disposals.
KPI	Key performance indicator

Glossary (4)

L/H	(The business segment) Life and Health insurance
L/H lines of business	**Guaranteed savings & annuities:** Guaranteed savings and annuities are life insurance products that always relate to the length of human life. These products offer life and / or death coverage of the insured in the form of single or multiple payments to a beneficiary and may include financial and non-financial guarantees. **Capital-efficient products:** Products that use the general account and provide significantly reduced market risk either by full asset-liability matching of the guarantee or by significantly limiting the guarantee. This includes hybrids investing in a separate account (unit-linked) and the general account. Capital-efficient products also have a guaranteed surrender value with limited risk, e.g. due to the implementation of exact asset-liability matching or the inclusion of a market value adjustment. **Protection & health:** Protection and health insurance covers different risks which are linked to events affecting the physical or mental integrity of a person. **Unit-linked without guarantees:** Conventional unit-linked products are those where all of the benefits provided by a contract are directly linked to the value of assets contained in an internal or external fund held by the insurance undertakings as a separate account. The investment risk is borne by the policyholder rather than the insurer.
L/H operating profit sources	The objective of the Life/Health operating profit sources analysis is to explain movements in IFRS results by analyzing underlying drivers of performance on a Life/Health business segment consolidated basis. **Loadings & fees:** Includes premium and reserve based fees, unit-linked management fees and policyholder participation in expenses if any. **Investment margin:** Is defined as IFRS investment income net of expenses less interest credited to IFRS reserves and policyholder participation in the investment result. **Expenses:** Includes commissions, acquisition and administration expenses. **Technical margin:** Comprises risk result (risk premiums less benefits in excess of reserves), lapse result (surrender charges and commission clawbacks) and reinsurance result, all net of policyholder participation if any. **Impact of change in DAC:** Includes effects of change in DAC and URR. It represents the net impact of deferral and amortization of both acquisition costs and front-end loadings on operating profit.

Glossary (5)

LatAm	Latin America: South America and Mexico
LoB	Line of business
LR	Loss ratio: Represents claims and insurance benefits incurred (net) divided by premiums earned (net). The calendar year (c.y.) loss ratio includes the results of the prior year(s) reserve development in addition to the accident year (a.y.) loss ratio.
MCEV	Market consistent embedded value: A measure of the consolidated value of shareholders' interests in the covered business. It is defined as the excess of market value of assets over market value of liabilities as of valuation date. Therefore, MCEV excludes any item that is not considered shareholder interest such as the Going Concern Reserve and Surplus Fund.
NatCat	Accumulation of claims that are all related to the same natural or weather/atmospheric event during a certain period of time and where the estimated gross loss for the Allianz Group exceeds EUR 20mn.
NBM	New business margin: Performance indicator to measure the profitability of new business in the business segment Life/Health. It is calculated as value of new business divided by present value of new business premiums.
Non-controlling interests	Those parts of the equity of affiliates which are not owned by companies of the Allianz Group.
NPE	Net premiums earned – please refer to "Premiums written/earned" as well as "Gross/Net".
NPS	Net promoter score: A measurement of customers' willingness to recommend Allianz. Top-down NPS is measured regularly according to global cross industry standards and allows benchmarking against competitors in the respective markets.
OE	Operating entity
Ogden rate	Discount (Ogden) rate is used by British courts to calculate the discounted values of future losses in bodily injury claims paid out as lump-sum payments. It largely impacts motor, but also liability lines. Being set at 2.5% in 2001, the Lord Chancellor decreased the Ogden rate to -0.75% on February 27, 2017 – a much steeper reduction than was predicted by the industry earlier last year.

Glossary (6)

OP	Operating profit: Earnings from ordinary activities before income taxes and non-controlling interests in earnings, excluding, as applicable for each respective business segment, all or some of the following items: income from financial assets and liabilities carried at fair value through income (net), realized gains/losses (net), impairments of investments (net), interest expenses from external debt, amortization of intangible assets, acquisition-related expenses, restructuring charges and profit/loss of substantial subsidiaries held for sale, but not yet sold.
Own funds	Regulatory solvency capital eligible for covering the regulatory solvency capital requirement
P/C	(The business segment) Property and Casualty insurance
PHP	Policyholder participation
PIMCO	Pacific Investment Management Company Group
Pre-tax operating capital generation	Represents the movement of SII capitalization attributable to the change in own funds from operating SII earnings and the change in SCR from business evolution after regulatory and model changes, but excluding market impact, dividends, capital management activities, taxes as well as other factors.
Premiums written/earned (IFRS)	Premiums written represent all premium revenues in the respective year. Premiums earned represent that part of the premiums written used to provide insurance coverage in that year. In the case of life insurance products that are interest sensitive (e.g. universal life products) or where the policyholder carries the investment risk (e.g. variable annuities), only the part of the premiums used to cover the risk insured and costs involved is treated as premium income.
PVNBP	Present value of new business premiums: The present value of future premiums on new business written during the period discounted at reference rate. It includes the present value of projected new regular premiums plus the total amount of single premiums received. PVNBP is shown after non-controlling interests unless otherwise stated.
Reinsurance	An insurance company transfers a part of its assumed insurance risk to a reinsurance company.
Retained earnings	In addition to the reserve required by law in the financial statements of the Group parent company, this item consists mainly of the undistributed profits of Group entities and amounts transferred from consolidated net income.

Glossary (7)

RfB	Reserves for premium refunds (“Rückstellungen für Beitragsrückerstattung”): Part of the surplus that is to be distributed to policyholders in the future. These reserves are established based on statutory, contractual or company by-law obligations, or at the insurer’s discretion.
RoE	**Return on equity Group:** Represents net income attributable to shareholders divided by the average shareholders’ equity excluding unrealized gains/losses on bonds (net of shadow accounting) at the beginning and the end of the period. **Return on equity P/C OE:** Represents net income divided by the average total equity excluding unrealized gains/losses on bonds (net of shadow accounting) deducting goodwill and deducting participations in affiliates not already consolidated in this OE, at the beginning and the end of the period. **Return on equity L/H OE**: Represents net income divided by the average total equity excluding unrealized gains/losses on bonds (net of shadow accounting) and deducting goodwill at the beginning and the end of the period.
RoRC	Return on risk capital
Run-off ratio	The run-off ratio is calculated as run-off result (result from reserve developments for prior (accident) years in P/C business) in percent of premiums earned (net).
SII	Solvency II
SII capitalization	Ratio indicating the capital adequacy of a company comparing own funds to SCR.
SCR	Solvency capital requirement
SE	Societas Europaea: European stock company
SFCR	Solvency and financial condition report
Share of newly launched digital products	Newly launched digital products are conveniently available via digital means at key steps of the customer journey for end-customer or intermediary. A product will be considered digital once four digital features comprising a large part of the customer experience (quote, purchase, policy administration and claims) are implemented. In scope is retail as well as small and medium-sized entities, all channels, for Property-Casualty, Life and Health. The share of products is weighted by revenues.

Glossary (8)

Statutory premiums	Represents gross premiums written from sales of life and health insurance policies, as well as gross receipts from sales of unit-linked and other investment-oriented products, in accordance with the statutory accounting practices applicable in the insurer’s home jurisdiction.
Total equity	Represents the sum of shareholders’ equity and non-controlling interests.
Total revenues	Represents the sum of P/C gross premiums written, L/H statutory premiums, operating revenues in AM and total revenues in CO (Banking).
UFR	Ultimate forward rate: The estimate of the ultimate forward rate is defined in line with the EIOPA methodology and guidelines. An extrapolation is needed past last available market data points. The UFR is determined for each currency using macroeconomic methods, the most important factors being long-term expected inflation and real interest rates. Although the UFR is subject to revision, it should be stable and only change when there are fundamental changes to long-term expectations.
UL	Unit-linked – please refer to “L/H lines of business”.
Unrealized gains/losses (net) (as part of shareholders’ equity)	Include unrealized gains and losses primarily from available-for-sale investments net of taxes and policyholder participation.
URR	Unearned revenue reserves: The unearned revenue reserves contain premium components other than expense charges that refer to future periods, which are reserved and released over the lifetime of the corresponding contracts.
VA	Variable annuities: The benefits payable under this type of life insurance depend primarily on the performance of the investments in a mutual fund. The policyholder shares equally in the profits or losses of the underlying investments. In addition, the contracts can include separate guarantees, such as guaranteed death, withdrawal, accumulation or income benefits.
VNB	Value of new business: The additional value for shareholders created through the activity of writing new business. It is defined as present value of future profits after acquisition expenses overrun or underrun, minus time value of financial options and guarantees, minus risk margin, all determined at issue date.

Disclaimer

These assessments are, as always, subject to the disclaimer provided below.

Forward-looking statements

The statements contained herein may include prospects, statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those expressed or implied in such forward-looking statements.

Such deviations may arise due to, without limitation, (i) changes of the general economic conditions and competitive situation, particularly in the Allianz Group's core business and core markets, (ii) performance of financial markets (particularly market volatility, liquidity and credit events), (iii) frequency and severity of insured loss events, including from natural catastrophes, and the development of loss expenses, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) particularly in the banking business, the extent of credit defaults, (vii) interest rate levels, (viii) currency exchange rates including the EUR/USD exchange rate, (ix) changes in laws and regulations, including tax regulations, (x) the impact of acquisitions, including related integration issues, and reorganization measures, and (xi) general competitive factors, in each case on a local, regional, national and/or global basis. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences.

No duty to update

The company assumes no obligation to update any information or forward-looking statement contained herein, save for any information required to be disclosed by law.